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Financing of the activities arising from Security Council resolution 687 (1991): United Nations Iraq-Kuwait Observation Mission

Financial performance report of the United Nations Iraq-Kuwait Observation Mission for the period from 1 July 2000 to 30 June 2001

Report of the Secretary-General

Summary

The present report contains the financial performance report of the United Nations Iraq-Kuwait Observation Mission (UNIKOM) for the period from 1 July 2000 to 30 June 2001. The General Assembly, by its resolution 54/18 B of 15 June 2000, appropriated the amount of $52,710,270 gross ($50,287,503 net) for the period.

Expenditures for the period totalled $50,074,100 gross ($47,870,200 net), resulting in an unencumbered balance of $2,636,200 gross ($2,417,300 net).

The unencumbered balance resulted primarily from lower costs of rotation and repatriation travel for military personnel, a higher vacancy rate for international staff and lower requirements for vehicle spare parts, repairs and maintenance, naval operations, commercial communications and miscellaneous supplies and services.

The action to be taken by the General Assembly in connection with the financing of the Mission is set out in paragraph 13 of the report.

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I. Introduction

1. By its resolution 687 (1991) of 3 April 1991, the Security Council established the United Nations Iraq-Kuwait Observation Mission (UNIKOM). In its resolution 689 (1991) of 9 April 1991, the Council decided to review the question of the termination or continuation of UNIKOM, as well as the modalities of its operation, every six months. The report on the latest review was issued on 26 September 2001 (S/2001/913). In a letter dated 4 October 2001 (S/2001/936), the President of the Security Council informed the Secretary-General that the Council concurred with the recommendation to maintain UNIKOM and would review the question once again by 6 April 2002.

2. The budget for the maintenance of UNIKOM for the period from 1 July 2000 to 30 June 2001 was set out in the report of the Secretary-General of 7 February 2000 (A/54/736) and amounted to $49,818,000 gross ($47,823,000 net). It provided for the strength of 195 military observers, 910 contingent personnel, comprising 775 infantry personnel and 135 support personnel, 72 international staff and 166 local staff. The Advisory Committee on Administrative and Budgetary Questions, in paragraph 21 of its report of 7 April 2000 (A/54/841/Add.3), recommended that the General Assembly appropriate the amount proposed by the Secretary-General.

3. The General Assembly, by its resolution 54/18 B of 15 June 2000, appropriated the amount of $52,710,270 gross ($50,287,503 net) for the maintenance of UNIKOM for the period from 1 July 2000 to 30 June 2001, inclusive of the amount of $2,501,232 gross ($2,116,566 net) for the support account for peacekeeping operations and the amount of $391,038 gross ($347,937 net) for the United Nations Logistics Base at Brindisi for the same period. Taking into account the two-thirds share of the net amount, equivalent to $33,525,000, to be funded through voluntary contributions from the Government of Kuwait, the amount of $19,185,270 gross ($16,762,503 net) has been assessed on Member States.

II. Implementation of the budget

4. Information on the operations of UNIKOM and on the situation on the ground during the period under review is contained in the reports of the Secretary-General to the Security Council dated 27 September 2000 (S/2000/914) and 28 March 2001 (S/2001/287).

5. UNIKOM's concept of operations during the period under review was based on a combination of patrol and observation bases, observation points, ground, sea and air patrols, investigation teams and liaison with the parties at all levels.

6. The operational requirements of the Mission were met during the financial period under review and there were accordingly no operational shortcomings or slippages during the implementation of the approved budget. For the most part, activities provided for in the budget were undertaken as planned.

7. The unutilized balance was primarily attributable to a higher vacancy rate for international staff than originally estimated. While the budget included the application of a vacancy factor of 10 per cent for the authorized staffing of 72 international posts, the actual vacancy rate during the period averaged 26 per cent.

8. Unutilized balances under military personnel costs resulted from the lower cost of rotation travel for military observers and infantry personnel.

9. Unutilized resources under operational requirements resulted from: (a) lower requirements for vehicle spare parts, repairs and maintenance, (b) reduced requirements for naval operations and commercial communications, and (c) lower requirements for miscellaneous supplies and services.

10. During the period under review, an amount of $512,800 was expended by the Mission on measures to provide security of the staff as shown in table 1 below.

Table 1
Expenditures for staff security
(Thousands of United States dollars)

Item	*Expenditure*
Security personnel	202.4
Alterations and renovations to premises	23.8
Protective vehicles	72.6
Communications equipment	133.1
Other equipment	15.3
Supplies and services	65.6
Total	**512.8**

III. Financial performance report for the period from 1 July 2000 to 30 June 2001

11. As indicated in table 2 below, from the appropriation of $52,710,270 gross ($50,287,503 net) for the period from 1 July 2000 to 30 June 2001, expenditures amounted to $50,074,100 gross ($47,870,200 net), inclusive of $12,921,600 in unliquidated obligations. The resulting unspent balance of $2,636,200 gross ($2,417,300 net) represents, in gross terms, some 5 per cent of the appropriation. Annex I to the present report contains the financial performance information for the reporting period by budget line item, with supplementary information on significant variances presented in annex II. Annex IV contains a chart showing appropriation and expenditure by main budget group.

Table 2
Apportionment and expenditure
(Thousands of United States dollars)

Category of expenditure	*Apportionment*	*Expenditure*[a]	*Variance*
Military personnel	24 647.0	24 410.0	237.0
Civilian personnel	13 071.2	11 633.3	1 437.9
Operational requirements	10 089.8	9 321.5	768.3
Other programmes	15.0	40.9	(25.9)
United Nations Logistics Base at Brindisi	348.0	348.0	-
Support account for peacekeeping operations	2 116.5	2 116.5	-
Staff assessment	2 422.8	2 203.9	218.9
Gross requirements	**52 710.3**	**50 074.1**	**2 636.2**
Income from staff assessment	(2 422.8)	(2 203.9)	(218.9)
Net requirements	**50 287.5**	**47 870.2**	**2 417.3**
Voluntary contributions in kind (budgeted)	-	-	-
Voluntary contributions in kind (non-budgeted)[b]	3 080.2	3 080.2	-
Total resources	**55 790.5**	**53 154.3**	**2 636.2**

[a] Includes an amount of $12,921,600 in unliquidated obligations.
[b] Comprises premises, vehicles, utilities, radar surveillance systems and medical supplies from the Government of Kuwait ($2,990,102) and premises from the Government of Iraq ($90,150).

12. Information on the deployment of military and civilian personnel during the reporting period is provided in table 3 below and annex III to the present report.

Table 3
Authorized staffing, incumbency and vacancy rates for military and civilian personnel for the period from 1 July 2000 to 30 June 2001

Personnel category	*Authorized strength*	*Actual strength (average)*	*Vacancy rate (percentage)*
Military observers	195	196	-
Military contingents	910	912	-
Civilian police	-	-	-
International staff	72	53	26
National officers	-	-	-
Local staff	166	153	8
United Nations Volunteers	-	-	-

IV. Action to be taken by the General Assembly at its fifty-sixth session

13. **The action to be taken by the General Assembly in connection with the financing of UNIKOM is as follows:**

(a) **To decide on the treatment of the unencumbered balance of $2,636,200 gross ($2,417,300 net) for the period from 1 July 2000 to 30 June 2001;**

(b) **To decide on the treatment of other income for the period from 1 July 2000 to 30 June 2001 amounting to $3,949,000 from interest income ($3,204,000), other/miscellaneous income ($182,000) and savings on or cancellation of prior period obligations ($563,000).**

Annex I

Financial performance report for the period from 1 July 2000 to 30 June 2001: summary statement

(Thousands of United States dollars)

Category of expenditure	*(1)* *Apportionment* [a]	*(2)* *Non-recurrent expenditures*	*(3)* *Total expenditures (inclusive of non-recurrent expenditures)*	*(4) = (1 - 3)* *Variance*
I. Military personnel				
1. Military observers	7 020.6	-	6 935.8	84.8
2. Military contingents	15 585.1	-	15 432.9	152.2
3. Other requirements pertaining to military personnel				
(a) Contingent-owned equipment	1 565.9	-	1 565.9	-
(b) Self-sustainment	33.4	-	33.4	-
(c) Death and disability compensation	442.0	-	442.0	-
Subtotal, line 3	2 041.3	-	2 041.3	-
Total, category I	**24 647.0**	**-**	**24 410.0**	**237.0**
II. Civilian personnel				
1. Civilian police	-	-	-	-
2. International and local staff	13 071.2	-	11 633.3	1 437.9
3. United Nations Volunteers	-	-	-	-
4. Government-provided personnel	-	-	-	-
5. Civilian electoral observers	-	-	-	-
Total, category II	**13 071.2**	**-**	**11 633.3**	**1 437.9**
III. Operational requirements				
1. Premises/accommodations	1 322.2	502.7	1 319.1	3.1
2. Infrastructure repairs	38.0	37.2	37.2	0.8
3. Transport operations	3 152.9	1 079.8	2 716.3	436.6
4. Air operations	2 908.1	125.0	2 919.5	(11.4)
5. Naval operations	108.3	-	33.3	75.0
6. Communications	787.3	454.2	653.2	134.1
7. Other equipment	642.2	369.7	648.9	(6.7)
8. Supplies and services	1 080.8	-	972.0	108.8
9. Air and surface freight				
(a) Transport of contingent-owned equipment	-	-	-	-
(b) Commercial freight and cartage	50.0	-	22.0	28.0
Subtotal, line 9	50.0	-	22.0	28.0
Total, category III	**10 089.8**	**2 568.6**	**9 321.5**	**768.3**

Category of expenditure	*(1)* *Apportionment* [a]	*(2)* *Non-recurrent expenditures*	*(3)* *Total expenditures (inclusive of non-recurrent expenditures)*	*(4) = (1 - 3)* *Variance*
IV. Other programmes				
1. Election-related supplies and services	-	-	-	-
2. Public information programmes	-	-	-	-
3. Training programmes	15.0	-	40.9	(25.9)
4. Mine-clearing programmes	-	-	-	-
5. Assistance for disarmament and demobilization	-	-	-	-
Total, category IV	**15.0**	**-**	**40.9**	**(25.9)**
V. United Nations Logistics Base at Brindisi	**348.0**	**-**	**348.0**	**-**
VI. Support account for peacekeeping operations	**2 116.5**	**-**	**2 116.5**	**-**
VII. Staff assessment	**2 422.8**	**-**	**2 203.9**	**218.9**
Gross requirements, categories I-VII	52 710.3	2 568.6	50 074.1	2 636.2
VIII. Income from staff assessment	**(2 422.8)**	**-**	**(2 203.9)**	**(218.9)**
Net requirements, categories I-VIII	50 287.5	2 568.6	47 870.2	2 417.3
IX. Voluntary contributions in kind (budgeted) [b]	-	-	-	-
X. Voluntary contributions in kind (non-budgeted)	**3 080.2**	**-**	**3 080.2**	**-**
Total	**55 790.5**	**2 568.6**	**53 154.3**	**2 636.2**

[a] Based on appropriation provided by the General Assembly in resolution 54/18 B of 15 June 2000.

[b] Comprises premises, vehicles, utilities, radar surveillance systems and medical supplies from the Government of Kuwait ($2,990,102) and premises from the Government of Iraq ($90,150).

Annex II

Supplementary information on significant variances

Military personnel

Apportionment: $24,647,000; expenditure: $24,410,000; variance: $237,000

1. The unutilized balance of $237,000 under this heading was mainly attributable to the lower rotation cost for military observers ($84,800) and lower cost of repatriation of military contingents ($152,200).

Military observers

Apportionment: $7,020,600; expenditure: $6,935,800; variance: $84,800

2. The unutilized balance of $84,800 under this heading resulted from the actual average rotation cost ($2,680 per person) being lower than the provision ($3,000 per person). The unspent balance was offset in part by additional requirements for mission subsistence allowance due to longer overlaps during rotation.

Military contingents

Apportionment: $15,585,100; expenditure: $15,432,900; variance: $152,200

3. The unutilized balance of $152,200 under this heading was primarily attributable to the lower actual rotation cost of infantry personnel using charter flights.

4. However, the unutilized balance was offset in part by additional requirements for clothing and equipment allowance ($20,900), postage ($8,500) and standard troop cost reimbursement ($13,000). Owing to longer overlaps on rotation, the actual average strength of personnel (912) was higher than originally estimated (910).

Civilian personnel

Apportionment: $13,071,200; expenditure: $11,633,300; variance: $1,437,900

5. The unutilized balance of $1,437,900 under this heading was primarily attributable to the actual average vacancy rate (26 per cent) for international staff being higher than the vacancy factor (10 per cent) applied in the budget, resulting in unspent amounts under salaries and mission subsistence allowance. The average number of personnel deployed during the period was 53, compared with the provision for 72 international staff. Savings were also realized from the lower number and cost of travel by staff from Headquarters to the mission area.

6. The actual average vacancy rate of 8 per cent for local staff was slightly lower than the 10 per cent vacancy factor applied in the budget, resulting in additional requirements for local salaries and common staff costs.

Operational requirements

Apportionment: $10,089,800; expenditure: $9,321,500; variance: $768,300

7. The unutilized balance of $768,300 under this heading resulted from reduced requirements under premises/accommodation ($3,100), infrastructure repairs ($800), transportation operations ($436,600), naval operations ($75,000), communications ($134,100), miscellaneous supplies and services ($108,800) and air and surface freight ($28,000), which were offset in part by additional requirements for air operations ($11,400) and other equipment ($6,700).

Transport operations

Apportionment: $3,152,900; expenditure: $2,716,300; variance: $436,600

8. The unutilized balance of $436,600 under this heading was primarily attributable to the lower actual cost of vehicles purchased ($195,400) and savings realized from spare parts, repairs and maintenance ($460,400) owing to lower maintenance costs and quantity of spare parts required.

9. However, the unutilized balance was offset in part by additional requirements for petrol, oil and lubricants ($145,100) due to higher number of patrols than originally estimated and additional reliance on generators due to power outages. In addition, the unspent balance was partially offset by the purchase of an automated carwash machine in order to reduce water consumption ($33,800) and higher requirements for vehicle insurance ($40,300) owing to the settlement of outstanding charges from the prior (1999/2000) period.

Naval operations

Apportionment: $108,300; expenditure: $33,300; variance: $75,000

10. The unutilized balance of $75,000 under this heading was attributable to the lower fuel costs due to the lower number of patrol hours ($60,100), which consequently resulted in lower maintenance costs ($10,900), and no insurance requirements on the Kuwaiti side of the waterway ($4,000).

Communications

Apportionment: $787,300; expenditure: $653,200; variance: $134,100

11. The unutilized balance of $134,100 under this heading was primarily attributable to the lower requirements than budgeted for commercial communications ($108,100), communications equipment ($12,500) and spare parts and supplies ($13,900), which were offset in part by additional requirements for workshop and test equipment ($400).

Miscellaneous supplies and services

Apportionment: $1,080,800; expenditure: $972,000; variance: $108,800

12. The unutilized balance of $108,800 under this heading was primarily attributable to the cancellation of the requirement for Hesco Bastion components (field defence stores) since this level of protection was no longer deemed necessary,

and lower purchase for uniforms, flags and decals due to the receipt of stock supplies from UNLB. In addition, the unspent balance resulted from lower requirements for contractual services and data-processing services.

Air and surface freight

Apportionment: $50,000; expenditure: $22,000; variance: $28,000

13. The unutilized balance of $28,000 was attributable to lower requirements for commercial freight and cartage.

Training programmes

Apportionment: $15,000; expenditure: $40,900; variance: ($25,900)

14. The primary purpose of training in the communications and information technology areas is to enable mission personnel to develop technological infrastructure and to provide services that fully satisfy the requirements of all peacekeeping missions. Human resources are a critical success factor, without whose contribution the prerequisite for success, namely, the timely, effective and efficient delivery of support, cannot be achieved. The Secretariat is cognizant of the need to foster the development of skills and to maintain a high quality of expertise in all critical areas. A strategic plan has been developed for communications and information technology areas, which takes into account the increasing complexity and scope of activities and the increasing information needs resulting from the growth of peacekeeping missions. The success of communications and information technology in missions depends, to a great extent, on the effectiveness of field mission information systems. It is imperative that the Secretariat enhance on a continuous basis the capacity of mission personnel of all categories of staff to manage information resources, using innovative and current educational and training procedures, tools and structures. It is in the context of a rapidly changing technological environment that the Secretariat plans its training activities to maintain skills that are relevant and vital to the needs of the Mission.

15. A total of 19 mission personnel participated in technical (communications and data-processing) and administrative (procurement, management and medical/health) training courses. The table below provides information on the training programmes that took place in UNIKOM during the period under review.

Description of training	*Expenditure (United States dollars)*	*Number of persons trained*	*Venue*
Cisco Systems	6 662	1	UNLB
DOMINO COD 25 system admin	4 907	1	UNLB
Microsoft Windows	6 306	7	Kuwait City
Barrette H. F. & Digital Microwave	5 124	1	UNLB
Copier technical course	1 020	1	Cyprus
Management workshop	8 339	3	UNLB
Auto CAD	896	1	Kuwait City
Interconnecting Cisco network device	4 642	3	Kuwait City
Principles of food safety and hygiene	2 982	1	Dubai
Total	**40 878**	**19**	

Staff assessment

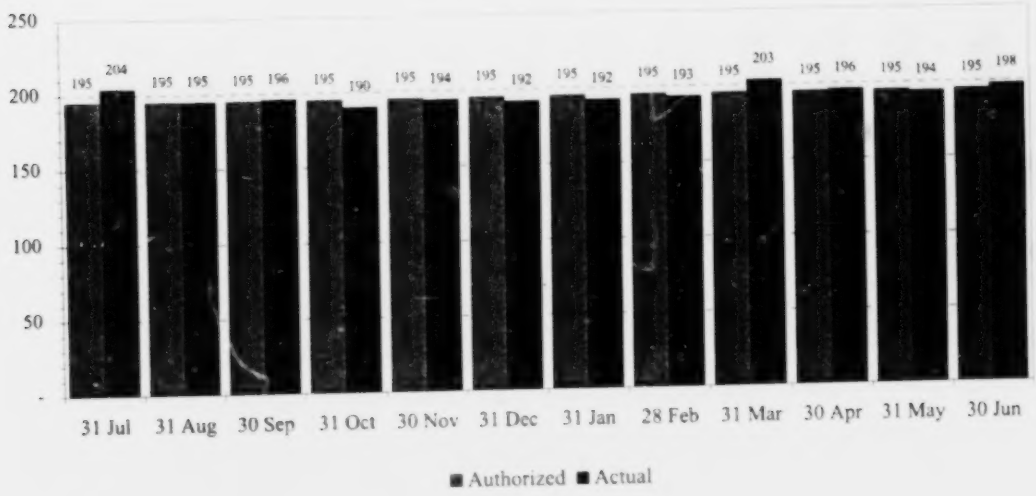
Apportionment: $2,422,800; expenditure: $2,203,900; variance: $218,900

16. The unutilized balance of $218,900 was primarily attributable to the higher average vacancy rate of 26 per cent for international staff.

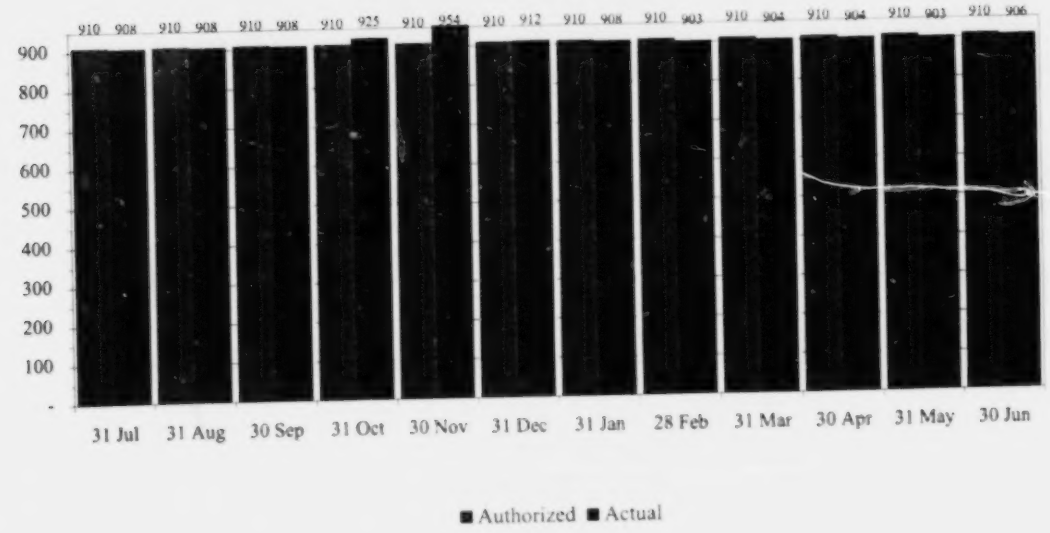
Annex III

Planned and actual deployment of civilian and military personnel for the period from 1 July 2000 to 30 June 2001

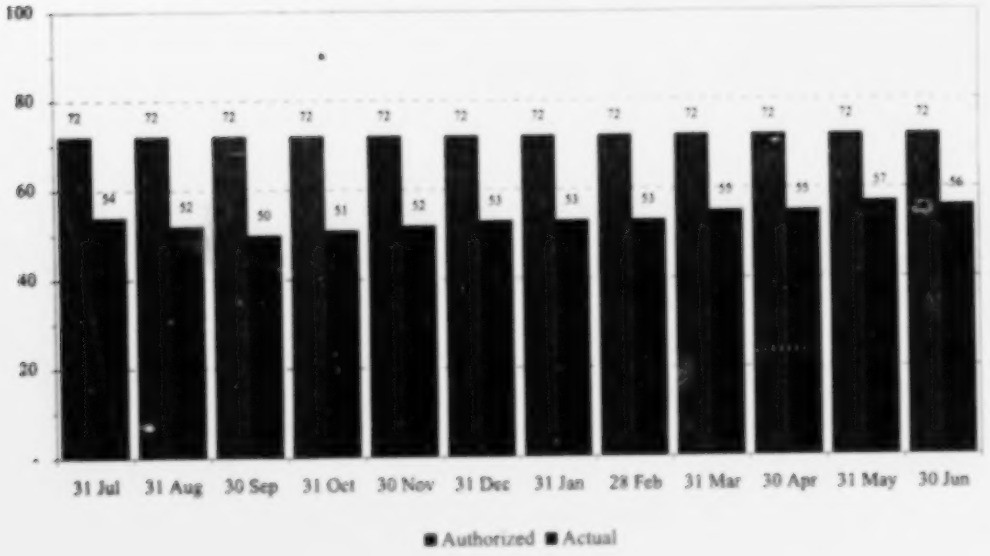
1. Military observers



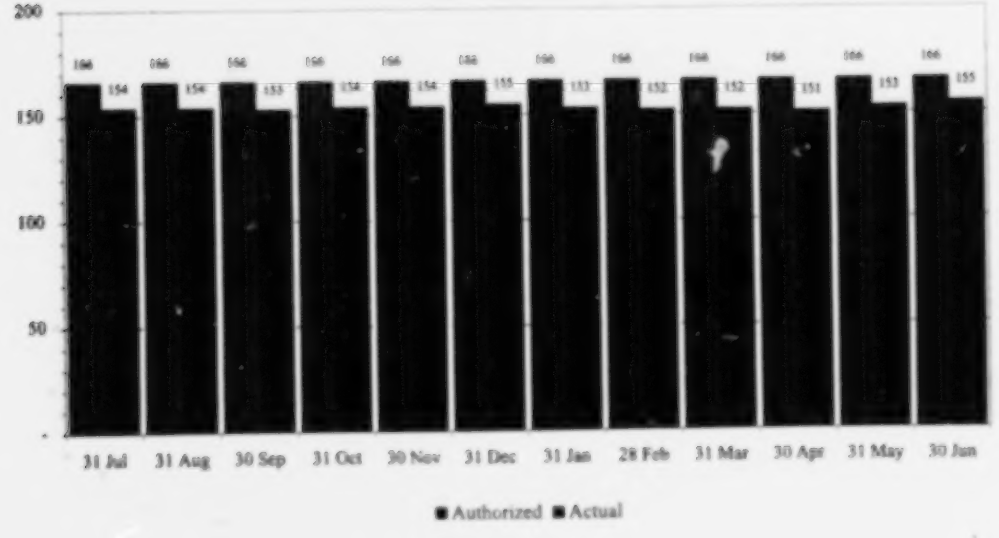
2. Military contingents



3. International staff



4. Local staff



Annex IV

Apportionment and expenditure for the period from 1 July 2000 to 30 June 2001